

**BEFORE THE TENNESSEE REGULATORY AUTHORITY AT
NASHVILLE, TENNESSEE**

December 10, 2004

IN RE:)	
)	
PETITION FOR APPROVAL TO TRANSFER)	DOCKET NO.
CARTWRIGHT CREEK UTILITY COMPANY, INC.'S)	04-00307
AUTHORITY TO PROVIDE WASTEWATER UTILITY)	
SERVICES TO CARTWRIGHT CREEK, LLC)	

ORDER APPROVING TRANSFER OF AUTHORITY

This matter came before Chairman Pat Miller, Director Deborah Taylor Tate and Director Ron Jones of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this Docket, at a regularly scheduled Authority Conference held on November 8, 2004 for consideration of the *Petition to Transfer Authority to Provide Utility Services* ("*Petition*") filed by Cartwright Creek Utility Company, Inc. ("Cartwright Utility Co.") and Cartwright Creek, LLC ("Cartwright LLC") (together "Petitioners"). The Petitioners sought TRA approval, pursuant to Tenn. Code Ann. § 65-4-113 (2004) and the Rules of the TRA, of a transfer of authority to provide wastewater utility services.

Tenn. Code Ann. § 65-4-113

Tenn. Code Ann. § 65-4-113 (2004) requires a public utility to obtain TRA approval to transfer its authority to provide utility services (also known as a "certificate of public convenience and necessity" or "CCN"). Tenn. Code Ann. § 65-4-113(a) (2004) reads as follows:

No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113(b) (2004) provides the standards by which the TRA shall consider an application for transfer of authority, in pertinent part, as follows:

Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. . . .

Background

In March 1975, the TRA granted Cartwright Utility Co. the authority to provide wastewater utility services in Tennessee.¹ Since that time, Cartwright Utility Co. has been operating a wastewater treatment facility in the 7th Civil District of Williamson County, Tennessee. Cartwright Utility Co. is a privately owned Tennessee corporation.

Cartwright LLC is a member-managed Tennessee limited liability company and is owned 10% by M.R.S., LLC (“MRS”) and 90% by Sheaffer International, LLC (“Sheaffer”). The current owners of Cartwright Utility Co. also own MRS and thereby own 10% of Cartwright LLC. Sheaffer is a Delaware limited liability company and a nationally renowned, innovative, proven leader in wastewater reclamation and reuse systems. The Petitioners assert that Sheaffer is technically and financially able to maintain and operate a modern wastewater treatment facility.

The Petition

On September 22, 2004, the Petitioners filed the *Petition* requesting that the TRA authorize a transfer of control of Cartwright Utility Co to Cartwright LLC. The Petitioners have entered into a proposed Agreement for Sale and Purchase of Stock (the “Agreement”) under

¹ Due to the significant number of years that have passed since the issuance of this CCN, neither Cartwright Utility Co nor the TRA has been able to locate a copy of the document. Later order and docket filings reflect and confirm the CCN issuance date and service

which Cartwright Utility Co. will sell and transfer all of its stock and its CCN to Cartwright LLC, pending approval by the TRA. After the transfer, Cartwright LLC will provide wastewater utility services under the CCN, and Cartwright Utility Co. will cease any associated operations, in accordance with Tenn. Code Ann. § 65-4-113(c) (2004).

According to the *Petition* and other docket filings, the transfer will be nearly transparent to customers. In their October 6, 2004 data response, the Petitioners stated that Cartwright LLC does not plan to make changes that will impact customer accounts and communications. For example, the office location and telephone numbers will remain the same, and there will be no change in the address for payments, correspondence, and accounting functions. During the Authority Conference, Cartwright LLC also affirmed that it has no plans to change the rates or terms of services under the CCN, and it will seek appropriate TRA approval before making any such changes in the future.

The Petitioners have drafted and submitted to the TRA a proposed notification letter for existing customers. The letter explains the transfer and contains the names of both Cartwright Utility Co. and Cartwright LLC. It also describes the renovations and improvements Cartwright LLC intends to provide.

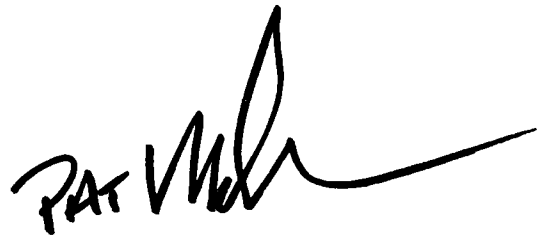
According to the *Petition*, Cartwright LLC plans to inject significant capital to renovate current facilities, improve the quality and efficiency of services offered to customers, and upon approval, expand the business to additional customers. The Petitioners report that the wastewater treatment system used by Cartwright LLC will provide services that are more efficient, environmentally beneficial, and of higher quality than the services currently provided by Cartwright Utility Co. Based on these factors, the Petitioners contend that the transfer of control will benefit customers and further the public interest.

November 8, 2004 Authority Conference

At the November 8, 2004 Authority Conference, the Directors voted unanimously to approve the *Petition* pursuant to a finding of compliance with the requirements of Tenn. Code Ann. § 65-4-113 (2004).

IT IS THEREFORE ORDERED THAT:

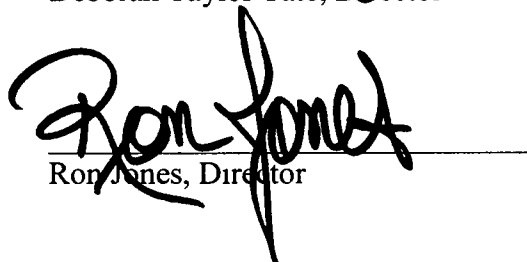
1. The *Petition* is approved.
2. The proposed transfer of Cartwright Utility Co. and its CCN to Cartwright LLC, as discussed herein, is approved.
3. Cartwright LLC is directed to file a revised tariff bearing its name and the effective date of the transfer from Cartwright Utility Co. to Cartwright LLC of the authority to provide services under the CCN.
4. The Petitioners are directed to send existing customers written notification of the transfer.



Pat Miller, Chairman



Deborah Taylor Tate, Director



Ron Jones, Director